

SECTION I - INTRODUCTION

The Compendium of State Fiscal Information, updated on an annual basis, provides a summary of the most important fiscal information affecting Maine State Government. It compiles a summary of actual operating revenue and expenditures, descriptions of revenue sources, and summaries of Maine's debt, Maine's Budget Stabilization Fund and Maine's tax burden. The Office of Fiscal and Program Review hopes you find this information useful. Recent expansions to this report as part of efforts to improve its usefulness may result in some questions for those users who may be using this information for historical purposes. Questions regarding conversions of data or suggestions for improvements to this report should be directed to: Office of Fiscal and Program Review, 5 State House Station, Augusta, Maine 04333-0005, Telephone: (207) 287-1635.

Report Layout

This report presents information in 6 different sections. The first section, the *Introduction*, presents an overview of the report and some of the accounting methods used for the data included in this report. The second section, *Summary of Major Taxes and Revenue Sources*, provides brief summaries of the taxes and revenue sources included in the Revenues and Expenditures section. These summaries provide a discussion of the current tax rates, current fees and assessments or the types of revenue items that are included under a particular type of revenue source. Revenue notes are included with each summary that reference the revenue tables in the Revenue and Expenditures section, Section III. Most of the summaries will also include a history providing information on when the tax, fee, or assessment was first adopted and the major amendments affecting that tax, fee, or assessment. Section III provides exhibits detailing revenues and expenditures of the operating funds of Maine State Government. The next section includes a summary of *Maine's Bonded Debt*, which includes a summary of debt of the Maine Governmental Facilities Authority. The following section provides a history of the *Maine Budget Stabilization Fund* (formerly the Maine Rainy Day Fund), a reserve fund for the prepayment of outstanding bonds or expenditures for major construction. The final section, *State and Local Tax Burdens*, provides a history of Maine's taxes per capita as a percentage of personal income.

Accounting and State Fiscal Year

The information in this report is presented on a budgetary basis, which summarizes all funds as they are recorded on the official accounting system maintained by the Office of the State Controller within the Department of Administrative and Financial Services. (Note: some minor adjustments have been made by the Office of Fiscal and Program Review to correct for certain data entry errors.) Revenue recognition and the amounts included in this report are based on a modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. The major taxes subject to accrual are the individual income tax, sales and use tax and the telecommunications personal property tax. At the end of fiscal year 1999, fuel taxes and, at the end of fiscal year 2000, several additional taxes became subject to accrual. Revenues from other sources are recognized when received and expenditures are recorded when paid. Table OPF-4 on page 53 summarizes the major taxes that are subject to accrual and the amounts accrued for the last 5 fiscal years.

The Maine State Government's fiscal year runs from July 1st to June 30th. References to fiscal year throughout this report will use the year in which the fiscal year ends, i.e., fiscal year 2005 refers to the fiscal year ending June 30, 2005.

Fund Accounting

The normal operations of Maine State Government are recorded and controlled on a fund basis in three major operating funds: **General Fund**, **Highway Fund** and **Other Special Revenue Funds**. The tables in Section III provide a summary of total revenues and expenditures of these three major operating funds.

General Fund

The General Fund is the primary operating fund of Maine State Government. It receives revenue from general state revenue sources not otherwise accounted for in another fund. The largest sources of revenue are from the Individual Income Tax, Sales and Use Tax, Cigarette Tax and Corporate Income Tax. These four major taxes account for nearly 85% of General Fund revenue. The Graph and Tables on pages 54 to 58 provide a summary of revenues and expenditures of the General Fund.

Highway Fund

The Highway Fund is used to account for revenue derived from excise taxes and license and other fees relating to the registration, operation, and use of vehicles on public highways and from fuel used for the propulsion of these vehicles, with fuel taxes representing nearly two-thirds of Highway Fund revenue. Pursuant to the Constitution of Maine, Article IX, Section 19, this revenue must be used for highway related activities. This revenue is expended primarily within the Departments of Transportation, Public Safety and the Secretary of State (Bureau of Motor Vehicles). The Graph and Tables on pages 59 to 62 summarize the revenues and expenditures of the Highway Fund.

Other Special Revenue Funds

Other Special Revenue Funds receive their revenues from segregated or dedicated sources. The funds are expended by category for special purposes. The major source of revenue in Other Special Revenue Funds is derived from the federal government, including federal matching funds and grants. These revenues from the federal government accounted for over three-quarters of Other Special Revenue Funds. The Fund for a Healthy Maine (Tobacco Settlement funds) is also included within this grouping. The Graph and Tables on pages 63 to 67 summarize the revenues and expenditures grouped under Other Special Revenue Funds. The revenue and expenditures of the Fund for a Healthy Maine are also detailed in 2 separate tables on page 67.

Other Funds

In addition to the three operating funds that are listed above, there are numerous other funds that are used to record specific activities. The *Debt Service Fund* is used to account for issuance of general obligation debt and the use of general obligation debt proceeds as well as the revenue collected for the payment of principal and interest on certain revenue bonds. *Capital Project Funds* are used to account for financial resources used to acquire major capital assets other than those financed by proprietary funds. *Proprietary funds* are used to account for on-going activities supported by fees for goods or services, with *Enterprise Funds* accounting for activities offering goods and services to the general public and *Internal Services Funds* accounting for the offering of goods and services between state agencies. *Fiduciary funds*, including *Expendable Trust Funds*, *Non-expendable Trust Funds* and *Agency Funds*, are used to account for assets held by the State acting as a trustee or an agent for individuals, organizations or other funds.

Sources

The information contained in this report was compiled from the following sources:

- State Controller's records and reports;
- State Treasury reports;
- the Maine Revised Statutes Annotated;
- State Planning Office;
- various state departments and agencies; and
- the U.S. Department of Commerce.